

St. Mary Rehabilitation Working Group Meeting
10:00 – 3:00 January 5, 2004
Bannack Conference Room
DNRC Building, Helena

NOTE: Due to problems with the recorder, the first half of this meeting was not recorded.

Introductions and Opening Remarks:

St. Mary Working Group Members present: Lt Governor John Bohlinger, Randy Reed, Paul Tuss, Mike Tatsey, Marko Manoukian, Matt McCann, Max Maddox, Gary Anderson, Kevin Salsbery, John Lacey, Larry Mires, Larry Martinson (for Mike Barthel) Randy Perez, Paul Azevedo (Coordinator, DNRC). Absent: Steve Page, Dolores Plumage, and Dave Peterson

Review Meeting Notes from December 1, 2004

December meeting notes were reviewed and approved with the following addition.

- Due to time constraints, discussion on reforming the Working Group from an ad-hoc group to a legal entity was tabled until January 26 meeting.

Matt McCann moved to approve notes with changes. Motion was seconded by Gary Anderson and approved by consensus.

Executive Committee Recommendation on Hiring an Executive Director

Executive Committee held a teleconference on December 23 to develop a recommendation on hiring an Executive Director. Potential candidates were former Lt Governor Karl Ohs, and Larry Mires. Executive Committee recommended Working Group members hire Larry Mires to serve as their Executive Director. Working Group would actually be contracting with Two Rivers Economic Development for Larry's services.

- Working Group members reviewed a Statement of Work (SOW) spelling out duties and responsibilities of Executive Director. Duties are broken down into the following categories.
 - Staff Working Group and Working Group Subcommittees;
 - Budget Management;
 - Fund Raising
 - Coordinate Contacts with Local, State, Federal, and Tribal governments;
 - Public Outreach;
 - Develop and implement a strategy to build political support for the Project at the local, state and tribal level;
 - Develop and implement a strategy to build political support for the Project at the federal level;
 - Coordinate public meetings to involve stakeholders in the Milk River and St. Mary River Basins in screening and identification of the preferred alternative for rehabilitation the St. Mary Diversion Facilities;
 - Establish and coordinate Long-range Planning Sub-committee; and
 - Perform other duties as directed by Co-chairpersons.

- Gary Anderson expressed reservations that Working Group members might have the wrong expectations of an Executive Director. He cautioned that members should not expect to dump all the work on Larry. All members still need to stay involved in the work of the Working Group. Gary also felt that the Executive Committee needed to do a better job of communicating with the other members of the Working Group. Some members are starting to feel left out of the loop.
- John Lacey moved to approve the SOW. Max Maddox seconded the motion and it passed by consensus.
- Discussion turned to financial compensation for Executive Director. Larry Mires presented a draft compensation package for discussion. Some members felt position should be paid an hourly wage while others felt a monthly salary was more appropriate.
- Paul Tuss stated he would like to see one monthly fee for both salary and travel. Matt McCann countered that for the folks he represents, it would be easier to justify salary and travel as two different budget items.
- Max Maddox felt the Joint Board of Control would be comfortable with having Larry as the Executive Director and with paying him a monthly salary.
- Matt McCann made the motion to hire Larry Mires, through Two Rivers Economic Development, as Executive Director at a salary of \$5,000 per month plus expenses. Larry's contract would run through July 31, 2005. Paul Tuss seconded the motion, which then passed by consensus. Later in the meeting, Matt McCann made the motion to cap travel expenses at \$5,000 per month. This motion carried by consensus.
- Contract will be negotiated between Two Rivers Economic Development and Bear Paw Development with assistance from DNRC.

Discussion on 2005 Montana Legislative Session

- John Tubbs reviewed draft of request for assistance Working Group members will present to Governor's office for FY05.
- January 18 will be St. Mary Day in the 2005 Legislator. John T. is trying to arrange for all St. Mary related appropriations requests to be heard by the Joint Subcommittee for Long Range Planning and the Joint Subcommittee for Natural Resources Appropriations at the same time. Hearing is scheduled to start at 8:00 am. Hearing may be followed by a press conference and possibly a luncheon. DNRC will send out an itinerary prior to January 18.
- John T. passed out draft language for a joint House/Senate Resolution in support of the St. Mary Rehabilitation Project. Comments are due back to John by January 12.
- Larry Mires asked if Governor Schweitzer would support officially establishing a St. Mary Rehabilitation Commission and appointing current Working Group members to serve. Lt. Governor Bohlinger will take the request back to the Governor's Office.

Update from TD&H on St. Mary Engineering Review Report – Erling Juel

Erling Juel, updated Working Group members on the engineering review study TD&H is completing under contract with DNRC on behalf of the Working Group.

- Contract Scope of Work is:

- Review all available engineering, geotechnical and environmental information prepared by the U.S. Department of Interior for the St. Mary Facilities;
 - Conduct site inspections of the St. Mary Facilities to identify deficiencies and design concepts for replacement and/or rehabilitation of the St. Mary Facilities;
 - Develop a report recommending priority areas of study necessary to identify the preferred alternative, environmental compliance and cultural resource requirements for replacement and/or rehabilitation of the St. Mary Facilities.
- Draft report will be delivered to DNRC by Friday, January 7. Final report is due on February 2nd.
- Ultimate goal is to identify the critical studies and reports that need to be completed to move the project forward.
- To get a better understanding of the quantity, quality and availability of previously collected information, TD&H met with Blackfeet officials from the environmental, cultural and natural resources offices; representatives from the Bureau of Reclamation in Billings and with representatives of DNRC in Helena.
- TD&H feels St. Mary siphon and drops are the first priority for rehabilitation.
- TD&H reviewed Reclamation's construction cost estimates for 850 cfs and 1,000 cfs canals. Reclamation costs included:
 - 10% design costs;
 - 25% construction contingency
 - 37% non-contract costs
 - 5% Tribal fee.
- TD&H agrees with BOR basic approach on cost. TD&H indexed Reclamation's 2003 cost estimates to 2007 (assumed start date for construction) using a 3% rate of inflation.
- TD&H recommends the following studies:
 - Basin hydrology study including U.S. entitlements to water from the St. Mary and Milk Rivers;
 - Topographical survey along canal route;
 - Hydro power considerations;
 - Environmental Compliance studies under the National Environmental Policy Act: These studies may take two years to complete at a cost of \$600,000 - \$900,000;
 - Geotechnical studies on slope stability near St. Mary siphon. One full year of data collection as a minimum.
- Discussion followed regarding the criteria to be used for construction, i.e., one siphon or two; one bank canal vs. two-bank canal; size of the rehab of the canal (650, 850, 1000 cfs). Although originally designed for 850 cfs, current capacity is about 670 cfs.
- John Tubbs pointed out that the Working Group's job is to make policy choices on how to go about rehabilitating the system, not legal decisions on who has right to the water and how much can be diverted.
- For the review process, TD&H will provide 20 copies of the draft report and a PDF file to Paul Azevedo. Copies will be sent out to each member of the group plus Reclamation and BIA. Comments should be into DNRC by close of business January 14th and compiled by Jan. 19th. TD&H will have until Feb. 2 to incorporate all comments into the final report. DNRC engineers will go through the report.

- Kim Falcon pointed out current federal budgetary constraints. She will work with DNRC regarding deadline and format for submitting the federal appropriations request. The appropriation has to come through an agency and her office will be asking BOR to support it. If the BOR will not, they could look at the BIA.
- Regarding the amounts included in the federal appropriations request, John Tubbs confirmed that the Working Group is still asking for \$3 million, \$1.5 for the Blackfeet and \$1.5 for the bridge - \$6 million total.
- John Tubbs suggested TD&H contact the Blackfeet Tribe to assist with putting together a surveying team with a focus on using Tribal resources, because this task is an early priority.

Update on Working Group's 2005 Budget – Paul Tuss and John Tubbs

- Paul Tuss passed out the account details for Working Group budget. Bear Paw has received donations totaling \$99,078.61. The Joint Board of Control contributed a check on December 9th for over \$48,000.
- The Working Group has signed and executed an agreement between DNRC and Bear Paw Development Corp. for engineering services of \$25,000.
- Randy Reed sent the letter to Glacier County requesting a donation.
- Although there have been no expenditures to date, funds have been committed to the following budget items:
 - \$25,000 for engineering services
 - \$30,000 plus travel, for Executive Director.
- Matt McCann suggested a cap be put on travel expenses for Executive Director and motioned that travel be limited to \$5,000. The motion was seconded and carried by consensus.

Public Comment

- Faye Bergan of the Reserved Water Rights Compact Commission reported that the Commission would meet with the Blackfeet Tribe on January 20th to discuss negotiations. The Commission is working with the Governor's office to come up with the state obligations for funding Fort Belknap water settlement cost-share this legislative session.
- Randy Reed pointed out that the Group would need to wrestle with the canal size over the next six months. Mike Tatsey said he could not give the Tribe's official statement at this time, but would know more after the January meeting with the Compact Commission. Discussion followed on relevancy of Compact discussions and irrigator ability to pay for the Project.

Review Motions and Action Items

- Motion to approve the Statement of Work for position of Executive Director.
- Motion to approve hiring Larry Mires as Executive Director at \$5000 month, plus expenses.
- Motion to limit travel expenses to \$5,000.
- DNRC sending out a schedule for committee hearings in Helena January 18th.
- Paul Azevedo putting together a booklet for Lt. Governor Bohlinger.

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- Comments on the House Senate Joint Resolution due January 12th to John Tubbs.
- Erling Juel sending 20 copies of his report and the PDF file to Paul Azevedo who would distribute them to Working Group. Comments to Paul Azevedo by January 14th, 2005.
- Kim Falcon will provide the deadline and format for federal request for appropriations for studies.

Location and Agenda Items for Next Meeting

- Next meeting will be on January 26, 2005 in Browning at the Tribal Headquarters from 10am to 3 pm. Meeting will focus on:
 - Summary of who contributed and follow up with those who have not contributed;
 - Appointment of alternate with business background to fill Larry Mires slot on the Working Group;
 - Research on question of becoming a Commission vs. a Working Group.

Meeting adjourned.